

STRATEGIC BUYERS DRIVE RAPID FOOD & AGRICULTURE INPUTS CONSOLIDATION

FOOD & AGRICULTURE INPUTS INDUSTRY UPDATE | SEPTEMBER 2021



**CAPSTONE
PARTNERS**

TABLE OF CONTENTS

Key Industry Takeaways	4
Rising Commodity Price Environment	5
Clean Ingredients and Supply Chain Traceability at Forefront	6
Strategics Lead Buyer Activity, Sponsors Remain Active	7
Historic M&A Trends and Public Company Valuations	8
Food & Agriculture Inputs Transaction Highlight	9
Notable Transactions	10
Sampling of Buyer Universe	11
Select Transactions	12
Public Company Data	13
Report Contributors	15
Firm Track Record	16
Endnotes	17



Contact Our Food & Agriculture Inputs Industry Expert



Brian Boyle
Managing Director
312-287-9812
bboyle@capstonepartners.com

Capstone Partners is one of the largest and most active independently-owned investment banking firms in the United States. Over the past 20 years, thousands of business owners, investors, and creditors have trusted us to help guide their strategic decisions and maximize financial outcomes at every stage of the corporate lifecycle.

MIDDLE
MARKET
FOCUS

FULL
SERVICE
CAPABILITIES

SUPERIOR
CLIENT
RESULTS

TOP
RANKED
PERFORMANCE

ESTABLISHED
BRAND
REPUTATION

A DIFFERENT KIND OF FIRM. BUILT FOR THE MIDDLE MARKET.

Mergers & Acquisitions

- Sell-side Advisory
- Buy-side Advisory
- Recapitalizations
- Mergers & Joint Ventures

Capital Advisory

- Equity Advisory
- Debt Advisory
- Infrastructure Finance

Financial Advisory

- Transaction Advisory
- Interim Management
- Performance Improvement
- Valuation Advisory
- Litigation Support

Special Situations & Restructuring

- Special Situations
- Turnaround
- Restructuring
- Bankruptcy
- Insolvency

Sign Up for Industry Insights.

Delivering timely, sector-specific intelligence to your inbox

One of our core capabilities is to deliver sector-specific intelligence designed specifically for industry leaders, private equity firms and their advisors. Our industry reports and featured articles deliver real-time access to key sector data including:

- Emerging industry trends
- Acquirer and investor appetites
- Mergers & acquisitions market analysis
- Notable transactions
- Public company data

Receive email updates with our proprietary data, reports, and insights as they're published for the industries that matter to you most.

[Subscribe](#) ▶



capstonepartners.com



Food & Agriculture Inputs Industry

Strategic Buyers Drive Rapid Consolidation

KEY INDUSTRY TAKEAWAYS

Capstone Partners' Consumer Investment Banking Group is pleased to share its Food & Agriculture (Ag) Inputs industry report. The industry has experienced robust merger and acquisition (M&A) demand through year-to-date (YTD) 2021, with strategic buyers rapidly consolidating and private equity actively targeting leading industry players. Capstone expects transaction activity to remain at a healthy pace through year end and into 2022, driven by strong valuations, the accommodative lending environment, and the prospect of capital gains tax increases. Several key report takeaways are outlined below.

1. Food prices have drastically increased over the past year driven by supply chain disruptions, high feed costs, and robust demand, contributing to elevated sales for select food inputs providers.
2. Clean label and functional food ingredients have attracted heightened demand as consumers have placed greater emphasis on health and wellness in food and beverage consumption due to COVID-19.
3. Sustainability and ESG (environmental, social, and governance) principles have remained key focus points for leading public companies with many adopting more environmentally friendly and efficient production processes.
4. Supply chain traceability is expected to become increasingly adopted as proposed regulations seek to add requirements for food inputs providers.
5. M&A activity has increased year-over-year (YOY) with strategic buyers aggressively consolidating and accounting for the majority of transaction activity.

Capstone Partners has developed a full suite of corporate finance solutions, including M&A advisory, debt advisory, financial advisory, and equity capital financing to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction.

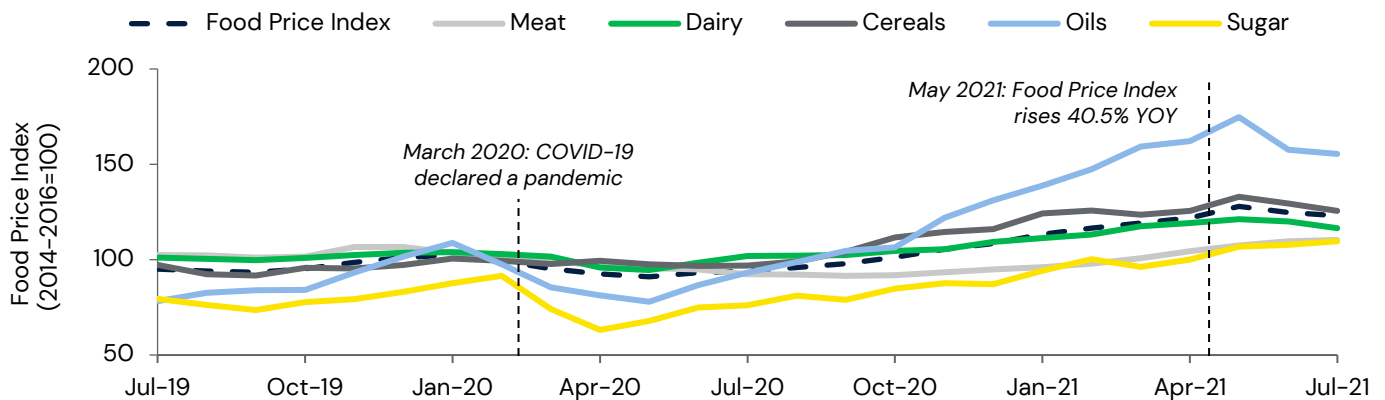
To learn more about Capstone's wide range of advisory services and Food & Ag Inputs industry expertise, please contact Capstone Managing Director [Brian Boyle](#).

RIISING COMMODITY PRICE ENVIRONMENT

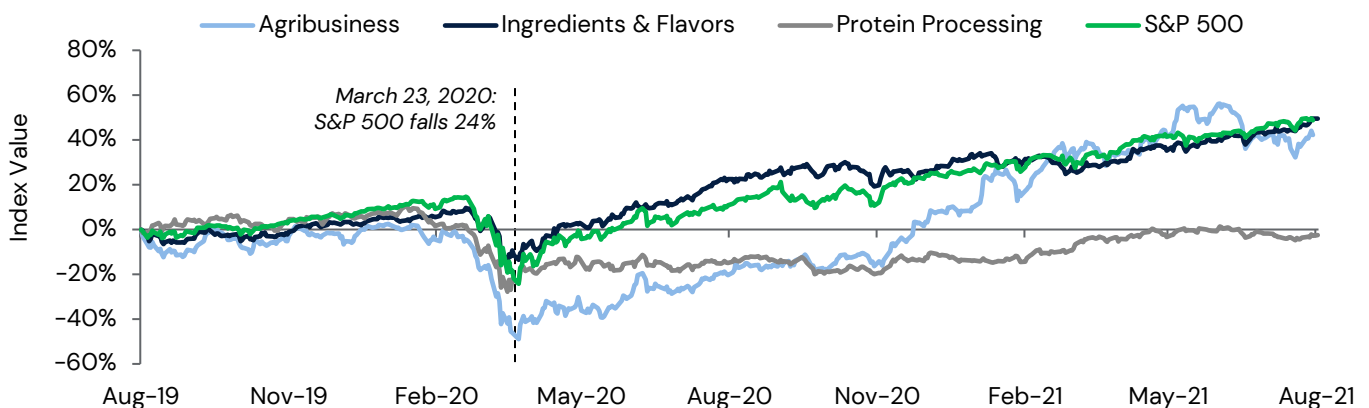
Pandemic-induced labor shortages, supply chain disruptions, and limited processing plant capacity challenged Food & Ag Inputs industry participants through much of 2020. End market exposure has significantly contributed towards sales performance and profitability, as players concentrated in the Foodservice sector combated depressed demand, with segment sales falling approximately 27% in 2020, according to Pentallact.¹ However, due to the noncyclical nature of food consumption, the industry has largely avoided the widespread volatility experienced in many pockets of the market. Notably, while the Protein Processing subsegment has significantly underperformed the broader market, returns in Capstone's Agribusiness and Ingredients & Flavors indexes over the past two years have nearly mirrored the S&P 500 at +42.3% and +49.5%, respectively.

The recovery of earnings among industry participants through YTD has also been fueled by the high commodity pricing environment, evidenced by the 31% YOY increase in the Food & Agriculture Organization (FAO) Food Price Index in July. Higher input prices typically benefit upstream industry players with food manufacturers passing on elevated costs to consumers. Notably, leading ingredients provider Darling Ingredients (NYSE:DAR) experienced record EBITDA in Q1 2021, with the rising commodity price environment having a significant positive impact on operating results, according to its earnings call.²

Food & Agriculture Organization's Monthly Food Price Index



Industry Return by Subsegment



Agribusiness includes: GLEN, ADM, CF, MOS, BG, DAR, ANDE; Ingredients & Flavors includes: GIVN, IFF, DSM, KRZ, SY1, CHR, DAR, GL9, TATE, BCPC, CRBN, MGPI, SOY, RSI; Protein Processing includes: TSN, HRL, JBSS3, 288, PPC, SEB, SAFM, TU, MRFG3, AUSS, CALM
Source: Food and Agriculture Organization, Capital IQ and Capstone Research



CLEAN INGREDIENTS AND SUPPLY CHAIN TRACEABILITY AT FOREFRONT

CLEAN LABEL AND FUNCTIONAL FOOD INGREDIENTS IN HIGH DEMAND

Demand for functional and clean label food ingredients has accelerated amid COVID-19 as consumers have placed significant emphasis on health and wellness in food products. Top industry players have capitalized on consumer preferences as exemplified by leading agriculture commodities producer Archer-Daniels-Midland (NYSE:ADM) which delivered record sales and profits in its Nutrition segment in Q2 2021 with revenue growing 15% YOY, according to its earnings release.³ In response to elevated demand, Food & Ag Inputs players have increasingly shifted business models and utilized M&A to align with consumer trends, evidenced by Tate & Lyle's (LSE:TATE) sale of its primary products business to KPS Capital Partners in July for an enterprise value of approximately \$1.2 billion. The transaction sharpens Tate & Lyle's focus on high-growth specialty markets, benefiting from growing global consumer preferences for healthier food and drink.

SUSTAINABILITY PRACTICES ARE TOP OF MIND FOR CONSUMERS

In addition to increased functionality of food ingredients, the sector has pushed to adopt more environmentally friendly methods of production with many incorporating ESG and sustainability performance goals. End market demand has necessitated this transition, as 49% of consumers consider sustainability when buying food and drink, according to Kerry Group.⁴ Top public players have actively sought to bolster their energy efficiency and lessen their carbon footprint in the production process, with Archer-Daniels and Ingredion (NYSE:INGR) both targeting a 25% reduction in greenhouse gas emissions by 2035 and 2030, respectively, according to their most recent sustainability reports.^{5,6}

Food waste is also a key issue in the Food & Ag Inputs sector, with the global cost amounting to approximately \$2.6 trillion per year, according to the FAO.⁷ Many industry players have turned to M&A to incorporate innovative food preservation technologies and processes to improve shelf life and drive cost savings. As sustainability goals become more widely adopted, Food & Ag Inputs industry participants that have demonstrated



Brian Boyle
Managing Director

"The powerful macro trends of sustainability, traceability, and clean, functional ingredients are actually gaining momentum in this environment. We expect these trends, coupled with the massive liquidity in both Private and Public markets, to be on the forefront of M&A activity going forward."

environmentally friendly and efficient production processes are poised to garner elevated demand.

SUPPLY CHAIN TRACEABILITY REMAINS A KEY INDUSTRY FOCUS

Supply chain traceability, the process of utilizing data and technology to track and monitor all aspects of the food production process, is one of the most impactful trends that will continue to affect the industry in the coming years. Industry players have implemented IoT (internet of things) devices, track and trace software, and scanners as a means of capturing and sharing data to ensure supply chain visibility and to aid in strategic decision making. The FDA (Food and Drug Administration) proposal of Requirements for Additional Traceability Records for Certain Foods would establish additional recordkeeping requirements, forcing companies to enhance the safety of their production processes beyond existing regulations. The rule aims to standardize the data points and information required to enhance food safety and traceability.

Compliance costs are certainly a main driver for industry players to incorporate supply chain traceability into their production framework, however, there are many tangible benefits to be realized. Intricate visibility into the supply chain can allow for optimized recall management, actionable insights of operations, and enhanced brand protection and consumer engagement.

STRATEGICS LEAD BUYER ACTIVITY, SPONSORS REMAIN ACTIVE

M&A activity has continued at a rapid pace through YTD 2021, with 29 transactions announced or completed, a YOY increase of 26%. While many industries suffered drastic pandemic-induced declines in transaction volume in 2020, deal activity in the Food & Ag Inputs sector was largely unaffected, showcasing its insulation from widespread economic headwinds. In addition, the prospect of tax increases in 2022 have pushed many business owners to seek a liquidity event before year end to lock in potentially favorable tax rates. As explored in Capstone's recent white paper ["Biden Taxes: What to Expect and How to Prepare,"](#) the proposed 39.6% capital gains rate would cause a seller's net proceeds to fall by 26% upon sale, lending to a wave of transactions looking to close before year end.

Strategic buyers have led transaction activity, accounting for nearly 66% of YTD deals. Industry players have pursued accretive targets to expand geographic reach and product portfolios, enhance food safety and environmental impact, and achieve stronger margins. Food & Ag Inputs providers with proprietary technologies and catering to high-growth end markets have attracted premium valuations, evidenced by Kerry Group's (ISE:KRZ) purchase of leading food preservation provider Niacet for an enterprise value of \$1.0 billion, equivalent to 15.4x EBITDA. Notably, Niacet expects to achieve an EBITDA margin of approximately 30% in full year 2021, according to Kerry Group,⁸ which marks a substantial premium to Kerry's peers in Capstone's Ingredients & Flavors index, with an average margin of 17.3%.

Private equity has continued to demonstrate robust sector appetite, comprising approximately 35% of total transactions (10 deals) and nearly outpacing the number of full year 2020 deals involving a financial buyer. The sector represents a strong platform opportunity for sponsors due to the lack of customer churn and concentration, healthy margin profiles, and predictability of revenues. Sponsor activity is expected to remain healthy through year end and into 2022, leveraging heightened levels of deployable capital amid a low interest rate environment.

Valuation Breakdown

~12x–18x EBITDA

Tech-enabled flavors and fragrances providers typically command the highest valuations. Strong intellectual property (IP) and patent ownership contribute to elevated pricing.

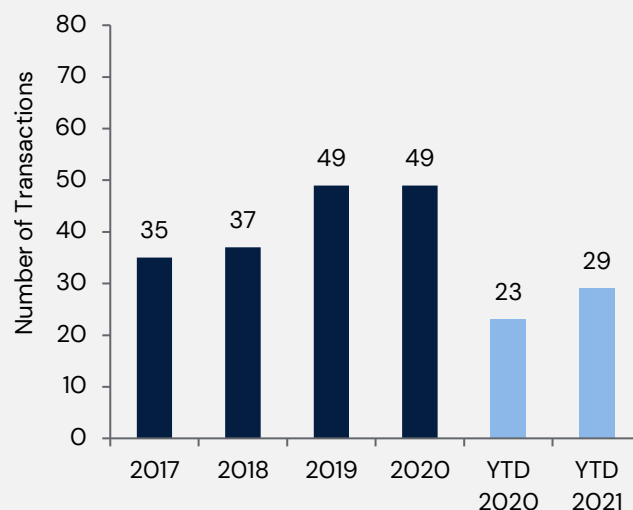
~9x–12x EBITDA

Food ingredients providers serving downstream food manufacturers often attract slightly lower multiples than fragrances and flavors businesses. Stronger players often possess proprietary technology and sticky customer bases.

~6x–9x EBITDA

Agriculture supply chain providers represent attractive consolidation opportunities for industry players, mainly to pursue enhanced scale. Segment participants typically have low levels of IP.

Merger & Acquisition Volume Outpaces Prior Year Levels



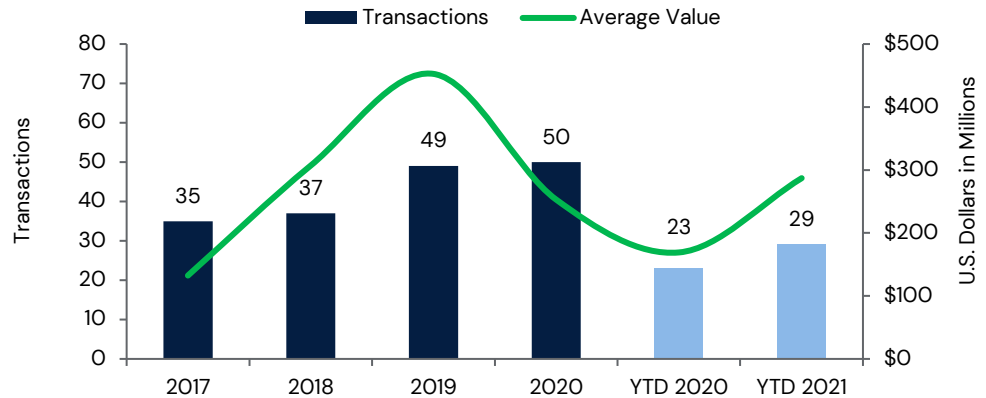
Year-to-date (YTD) ended July 28
Source: Capital IQ, FactSet, PitchBook, and Capstone Research



HISTORIC M&A TRENDS AND PUBLIC COMPANY VALUATIONS

Average Disclosed Deal Value Surges Compared to 2020

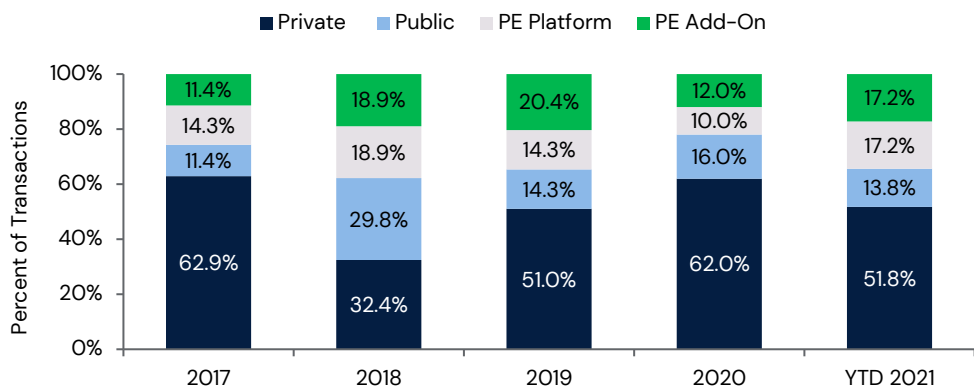
Average disclosed transaction value has increased nearly 70% compared to the prior year. Transaction volume has also outpaced 2020 with robust activity forecast to continue through year end and into next year.



Year-to-date (YTD) ended July 28
Source: Capital IQ, FactSet, PitchBook, and Capstone Research

Private Strategic Buyers Continue to Comprise Majority of Deals

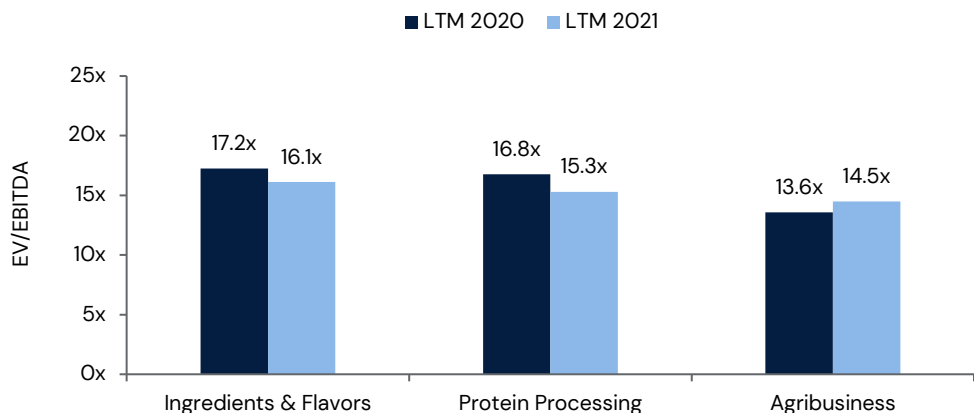
Private strategics have dominated transaction volume in the past three years, comprising nearly 52% of YTD transactions. Private equity activity has increased compared to 2020, leveraging platforms and add-ons to bolster portfolio holdings.



Year-to-date (YTD) ended July 28
Source: Capital IQ, FactSet, PitchBook, and Capstone Research

Protein Processing and Ingredients & Flavors Multiples Fall Slightly

EBITDA multiples in the Ingredients & Flavors sector have fallen modestly through LTM 2021. However, Agribusiness valuations have increased above the prior year to 14.5x.



List of public companies on pages 13-14
Source: Capital IQ and Capstone Research



FOOD & AGRICULTURE INPUTS TRANSACTION HIGHLIGHT



Leading global chemicals and ingredients distributor **Brenntag (XTRA:BNR)** has acquired **JM Swank from Platinum Equity for an enterprise value of \$304 million and equivalent to 0.6x revenue (June)**. JM Swank is a premier distributor of food ingredients, offering products including spices, dairy, grain, sweeteners, fats & oils, and flavors & colors. It recorded approximately \$500 million in revenue in 2020, according to a press release.⁹ The acquisition strengthens Brenntag's specialties division, with nutrition as one of its defined focuses.

Valuation Insight

- The purchase price represents a significant uptick from the typical transaction value Brenntag has historically paid, with its average investment amount from 2010 to March 2021 standing at ~\$30 million across 85 deals, according to a company presentation.¹⁰
- JM Swank is the only national food ingredient distributor with a fleet delivering nationwide. Under Platinum Equity's ownership, JM Swank acquired Lents Milling Company (2018, undisclosed), grew its salesforce, and implemented new ERP, CRM, VMS, HR and finance technology solutions.
- Acquisitions by specialty chemicals providers have averaged approximately 11x EV/EBITDA from 2017–2021 according to Capstone Research, providing some insight to the typical multiple paid by buyers similar to Brenntag.

Industry Implications

- The Food Ingredient Distribution market is highly fragmented and the deal establishes Brenntag as the leading food ingredients and food process chemicals distributor in North America with approximately one billion U.S. dollars in revenue.
- The industry is characterized by high barriers to entry in establishing supplier relationships. The acquisition defends Brenntag's leadership position by increasing its scale and offerings to customers while significantly bolstering its Brenntag Specialties segment.
- The additional logistics capabilities provides robust in-house distribution networks for Brenntag. As food prices continue to rise and consumer demand for quality ingredients elevates, many buyers are likely to search for accretive ingredients distribution M&A opportunities through year end and into 2021.



NOTABLE TRANSACTIONS



Clearlake Capital Group has agreed to acquire BakeMark for an undisclosed sum (July). California-based BakeMark, previously backed by Pamplona Capital, is a leading manufacturer and distributor of bakery ingredients, products, and supplies. It serves approximately 19,000 customers across the U.S. and Canada utilizing its robust network of 29 distribution centers and five manufacturing facilities. The acquisition deepens Clearlake's Food & Beverage portfolio and demonstrates the industry's demand for supply chain simplification. BakeMark will leverage Clearlake's industry expertise and experience to accelerate its growth and product quality.



Welcome Dairy Holdings, a portfolio company of New Heritage Capital, has acquired North Star Processing for an undisclosed sum (July). North Star offers spray drying services, the common method used in the production of powdered milk, as well as wet blending, and research and development. The acquisition will enable Welcome Dairy to offer the full spectrum of dairy ingredients that spans from dairy flavorings, refrigerated sauces, and cheese products which will allow the firm to better address the ever-shifting Food Ingredient sector.



Kerry Group (IES:KRZ) has agreed to acquire Niacet for an enterprise value of \$1.0 billion which represents a 15.4x EBITDA multiple (June). Niacet is a global leader in preservation technologies that include a cost-effective low-sodium preservation systems for meat and plant-based food and has products that can be used in bakery and pharma settings. Its proprietary drying solutions are used by customers across 75 countries with key manufacturing sites in the U.S. and the Netherlands. The acquisition bolsters Kerry's portfolio of preservation technologies and is expected to be accretive to adjusted earnings per share in year one.



Tilia Holdings has agreed to acquire a majority stake in NutriScience Innovations from Akoya Capital, Greyrock Capital, and Lakeview Equity for an undisclosed sum (May). NutriScience is a supplier of highly differentiated nutritional ingredients and serves supplement and wellness brands and other health food end-markets. NutriScience offers a portfolio of proprietary dietary supplements and functional food ingredients to meet the needs of increasingly health-conscious consumers. The transaction demonstrates the heightened interest in functional food ingredients among the sponsor community.



SAMPLING OF BUYER UNIVERSE

Capstone has developed intricate knowledge of the strategic and financial buyer universe through ongoing conversations with industry participants. If you would like to learn more about relevant buyers in your sector, please reach out to Managing Director [Brian Boyle](#).

Leading Strategic Buyers



Leading Financial Buyers



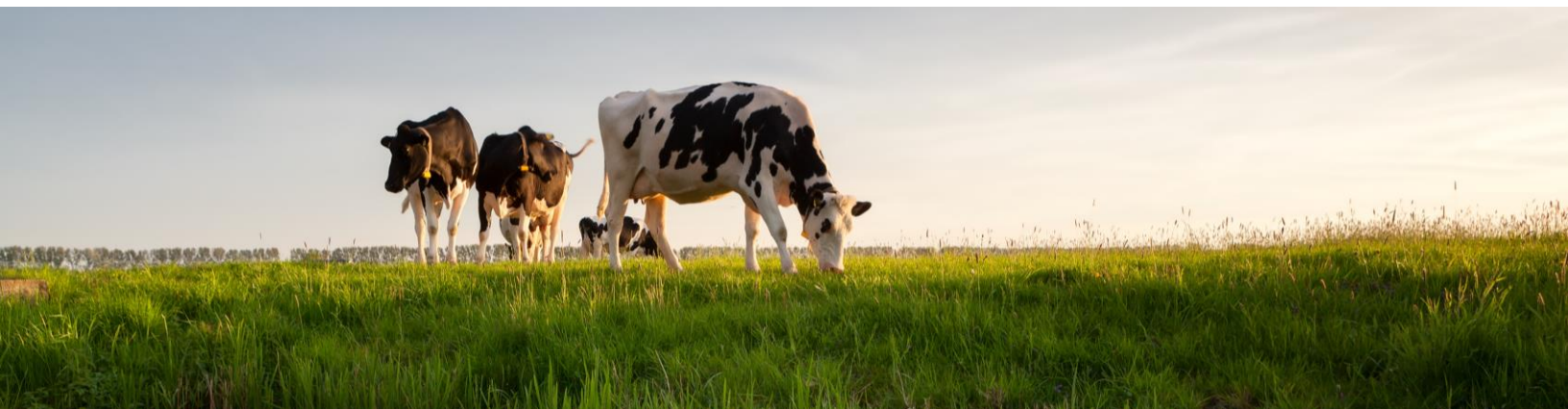
Source: Capstone Research



SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
07/20/21	BakeMark	Clearlake Capital	Manufactures and supplies bakery ingredients.	-	-	-
07/19/21	Assets of Flavor Solutions	Sensient (NYSE:SXT)	Comprises flavors and specialty ingredients production facility.	-	-	-
07/09/21	North Star Processing	Welcome Dairy	Manufactures food ingredients and offers spray drying and wet processing.	-	-	-
07/08/21	Italgrani	Richardson Oilseed	Provides flour milling, operates grain elevators, and offers commodity storage and services.	-	-	-
06/29/21	T-Bev	Swander Pace Capital	Provides herbal and botanical ingredients.	-	-	-
06/23/21	JM Swank	Brenntag (XTRA:BNR)	Distributes food ingredients including grains, beans, and breeding products.	\$304.0	0.6x	-
06/21/21	Niacet	Kerry Group (ISE:KRZ)	Manufactures and supplies chemical products for the Food and Pharmaceutical industries.	\$1,015.0	-	15.4x
05/26/21	Ecom Food Industries	Robertet (PAR:RBT)	Produces extracts and flavors for multinational food and beverage companies.	-	-	-
05/11/21	NutriScience	Tilia	Supplies nutritional and functional food ingredients.	-	-	-
05/06/21	Innova Flavors	Synergy	Provides flavors, enhancers, and taste modifiers.	-	-	-
04/15/21	Non-Dairy Business of Hain Celestial	SunOpta (TSX:SOY)	Comprises plant-based beverages including plant-based milks.	\$33.0	-	-
03/08/21	Foodsience	Wind Point	Provides custom formulations and private label services in the Nutritional Supplement industry.	-	-	-
01/26/21	Ingredient Innovations	Nu Skin (NYSE:NUS)	Develops and produces nutritional ingredients.	\$23.5	-	-
01/07/21	Custom Chemical	LebaronBrown Specialties	Distributes specialty chemicals and ingredients.	-	-	-
01/07/21	Biosun BioChemicals	B.R.A.I.N	Distributes food ingredients.	-	-	-
12/30/20	FONA	McCormick (NYSE:MKC)	Develops and produces flavors for food, beverage, and nutritional companies.	\$708.2	~6.2x	~23.6x
12/16/20	Millbo	Ergon Capital	Manufactures food protection ingredients.	-	-	-
12/15/20	Essences Bonnie & Don Flavours	National Flavors	Provides natural flavors, extracts, essential oils, and emulsion systems.	-	-	-
11/10/20	SunOpta Global Ingredients Segment	Amsterdam (ENXTAM:ACOMO)	Supplies raw ingredients to the Food and Beverage industries.	\$390.2	0.8x	10.0x
11/02/20	H&W Ingredients	Skidmore Sales & Distributing	Provides food ingredients to medium and large food manufacturers.	-	-	-
11/01/20	Verdient Foods	Ingredion (NYSE:INGR)	Produces pulse-based protein concentrates and flours.	\$31.0	-	-
10/22/20	J&K Ingredients	CORE Industrial	Manufactures bakery ingredients for the Baking industry.	-	-	-
09/08/20	Silva International	Universal (NYSE:UVV)	Produces and sells dehydrated vegetable, herb, and fruit ingredients to the Food industry.	\$164.0	-	-

Source: Capital IQ, PitchBook, FactSet, and Capstone Research



FOOD & AGRICULTURE INPUTS PUBLIC COMPANY DATA

Segment	% 52 Wk High	EV / LTM		EBITDA Margin	Price / LTM Earnings
		Revenue	EBITDA		
Protein Processing	89.5%	1.0x	9.6x	9.6%	15.3x
Agribusiness	83.8%	1.5x	12.0x	12.8%	14.1x
Ingredients & Flavors	93.7%	2.4x	19.6x	17.5%	16.0x

Source: Capital IQ as of August 3, 2021

PROTEIN PROCESSING

Company	Price 08/03/21	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Tyson Foods, Inc.	\$71.75	87.7%	\$26,173.2	\$35,691.2	\$43,242.0	\$5,140.0	11.9%	0.8x	6.9x
Hormel Foods Corporation	\$46.59	88.0%	\$25,255.3	\$24,789.5	\$9,869.3	\$1,346.6	13.6%	2.5x	18.4x
JBS S.A.	\$6.42	90.9%	\$15,996.9	\$29,681.7	\$51,123.2	\$5,309.0	10.4%	0.6x	5.6x
WH Group Limited	\$0.85	87.3%	\$12,503.3	\$14,156.2	\$25,589.0	\$1,568.0	6.1%	0.6x	9.0x
Pilgrim's Pride Corporation	\$22.03	83.8%	\$5,368.2	\$7,579.6	\$13,104.1	\$998.6	7.6%	0.6x	7.6x
Seaboard Corporation	\$4,035.00	91.9%	\$4,683.7	\$4,708.7	\$7,502.0	\$440.0	5.9%	0.6x	10.7x
Sanderson Farms, Inc.	\$184.25	94.4%	\$4,114.5	\$4,078.8	\$3,939.7	\$434.2	11.0%	1.0x	9.4x
Thai Union Group Public Company	\$0.68	97.8%	\$3,179.9	\$4,903.5	\$4,238.6	\$424.1	10.0%	1.2x	11.6x
Marfrig Global Foods S.A.	\$3.87	93.4%	\$2,675.5	\$6,681.0	\$12,599.0	\$1,676.9	13.3%	0.5x	4.0x
Austevoll Seafood ASA	\$12.93	94.8%	\$2,609.1	\$4,530.5	\$2,638.7	\$342.8	13.0%	1.7x	13.2x
Cal-Maine Foods, Inc.	\$34.81	74.6%	\$1,700.8	\$1,533.6	\$1,349.0	\$36.4	2.7%	1.1x	NM

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data
NM = Not Meaningful

Mean	9.6%	1.0x	9.6x
Median	10.4%	0.8x	9.2x
Harmonic Mean	7.7%	0.8x	8.1x



AGRIBUSINESS

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	08/03/21	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Glencore plc	\$4.54	96.3%	\$60,154.2	\$93,674.8	\$142,338.0	\$8,169.0	5.7%	0.7x	11.5x
Archer-Daniels-Midland Company	\$59.36	85.7%	\$33,204.0	\$43,128.0	\$74,923.0	\$3,633.0	4.8%	0.6x	11.9x
CF Industries Holdings, Inc.	\$45.96	80.4%	\$9,859.1	\$15,663.1	\$4,201.0	\$1,591.0	37.9%	3.7x	9.8x
The Mosaic Company	\$29.92	78.3%	\$11,363.2	\$15,572.9	\$9,180.7	\$1,675.3	18.2%	1.7x	9.3x
Bunge Limited	\$76.69	83.0%	\$10,868.3	\$19,284.3	\$51,121.0	\$2,448.0	4.8%	0.4x	7.9x
Darling Ingredients Inc.	\$68.64	86.2%	\$11,200.1	\$12,783.7	\$3,765.8	\$570.7	15.2%	3.4x	22.4x
The Andersons, Inc.	\$26.37	76.6%	\$861.4	\$2,946.7	\$8,991.1	\$265.8	3.0%	0.3x	11.1x
Mean							12.8%	1.5x	12.0x
Median							5.7%	0.7x	11.1x
Harmonic Mean							6.5%	0.7x	10.9x

INGREDIENTS & FLAVORS

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	08/03/21	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Givaudan SA	\$5,014.16	99.7%	\$46,270.2	\$51,508.9	\$7,002.4	\$1,508.9	21.5%	NM	NM
International Flavors & Fragrances	\$149.59	98.4%	\$37,235.9	\$49,159.9	\$6,202.2	\$1,328.1	21.4%	NM	NM
Koninklijke DSM N.V.	\$202.70	99.3%	\$34,617.7	\$37,900.3	\$10,112.6	\$1,819.4	18.0%	3.7x	20.8x
Kerry Group plc	\$148.80	96.3%	\$26,310.4	\$28,709.0	\$8,443.8	\$1,145.5	13.6%	3.4x	25.1x
Symrise AG	\$147.79	99.8%	\$21,781.3	\$23,436.0	\$4,306.4	\$901.3	20.9%	NM	26.0x
Chr. Hansen Holding A/S	\$90.45	77.8%	\$11,915.8	\$13,045.2	\$1,269.6	\$499.0	39.3%	NM	26.1x
Darling Ingredients Inc.	\$68.64	86.2%	\$11,200.1	\$12,783.7	\$3,765.8	\$570.7	15.2%	3.4x	22.4x
Ingredion Incorporated	\$89.13	90.9%	\$5,969.5	\$7,875.5	\$6,471.0	\$990.0	15.3%	1.2x	8.0x
Glanbia plc	\$17.32	97.1%	\$5,032.2	\$5,753.1	\$4,670.3	\$290.0	6.2%	1.2x	19.8x
Tate & Lyle plc	\$10.25	89.8%	\$4,761.0	\$5,342.0	\$3,867.0	\$658.5	17.0%	1.4x	8.1x
Balchem Corporation	\$133.13	95.4%	\$4,318.2	\$4,375.2	\$743.9	\$171.3	23.0%	NM	25.5x
Sensient Technologies Corporation	\$86.78	96.5%	\$3,669.0	\$4,119.7	\$1,353.8	\$228.6	16.9%	3.0x	18.0x
Corbion N.V.	\$54.24	84.7%	\$3,193.4	\$3,531.1	\$1,206.7	\$176.5	14.6%	2.9x	20.0x
MGP Ingredients, Inc.	\$58.91	76.8%	\$1,293.1	\$1,313.0	\$404.8	\$80.6	19.9%	3.2x	16.3x
SunOpta Inc.	\$10.54	60.7%	\$1,140.7	\$1,341.7	\$789.3	\$46.4	5.9%	1.7x	28.9x
Rogers Sugar Inc.	\$4.68	97.8%	\$484.9	\$799.2	\$710.0	\$81.8	11.5%	1.1x	9.8x
Mean							17.5%	2.4x	19.6x
Median							17.0%	2.9x	20.4x
Harmonic Mean							14.2%	1.9x	16.4x

Source: Capital IQ as of August 3, 2021

FOOD & AGRICULTURE INPUTS REPORT CONTRIBUTORS

**Brian Boyle**

Managing Director

bboyle@capstonepartners.com | 312-287-9812

Brian Boyle is a Managing Director in Capstone Partners' Consumer & Retail Investment Banking team and brings 35 years of Mergers & Acquisitions and Capital Markets experience to the firm. Brian is exclusively focused on advising Food, Beverage and Agribusiness clients and has guided hundreds of Companies through M&A transactions, capital raises, and initial & secondary public offerings. He has extensive cross border transaction experience working with strategic acquirers within the Food sector.

Prior to joining Capstone, Brian was Head of the Food, Beverage and Agribusiness team at Raymond James within their Consumer Investment Banking Group. Prior to joining Raymond James, Brian was Managing Director and Co-Head of the Consumer Investment Banking Group at PwC Corporate Finance, where he focused on advising Food & Agribusiness clients. Prior to PwC Corporate Finance, Brian was Head of Food & Beverage Investment Banking at D.A Davidson which had acquired RSM's Investment Banking group where he had spent 12 years leading their Food & Beverage team. He started his career at Lehman Brothers where he spent 13 years in their debt capital markets division.

**Connor McLeod**

Research Manager

cmcLeod@capstonepartners.com | 617-619-3319

Connor currently serves as Research Manager at Capstone Partners. Connor provides M&A insights, capital markets analysis, and macroeconomic trends for C-suite middle market executives. He specializes in the coverage of the Healthcare and Consumer industries.

Prior to joining the Research Team at Capstone, Connor was a specialist with the Investor Services team at BlackRock where he was responsible for assessing fund and account performance, communicating relevant market dynamics, and facilitating trades for shareholders, financial advisors, and institutional clients.

2021INVESTMENT BANKING
FIRM OF THE YEARTHE M&A
ATLAS
AWARDS**2020**INVESTMENT BANKING
FIRM OF THE YEARTHE M&A
ATLAS
AWARDS**2020**MID-MARKET
INVESTMENT BANKING
FIRM OF THE YEAR**2020**MIDDLE MARKET
INVESTMENT BANK
OF THE YEAR**2020**CORPORATE
RESTRUCTURING
FIRM OF THE YEAR

FIRM TRACK RECORD

Capstone maintains an active presence in the Food & Beverage sectors with in-depth knowledge of the buyer universe and business characteristics that drive premium valuations in an M&A process. Our frequent conversations with industry participants provide us with increased transparency into market trends and buyer preferences. A sampling of Capstone's closed and active deals are outlined below.

<p>CONFIDENTIAL</p> <p>CORPORATE SALE</p> <p>PRODUCER OF BRANDED MEAT PRODUCTS</p>	<p>Food4Less</p> <p>HAS BEEN ACQUIRED BY</p> <p>PAQ, Inc. Employee Stock Ownership Plan</p>	<p>GRAY WHALE GIN</p> <p>HAS FORMED A JOINT VENTURE WITH</p> <p>DEUTSCH FAMILY WINE & SPIRITS</p>	<p>STRAUSS</p> <p>HAS BEEN ACQUIRED BY</p> <p> Insight Equity</p>
<p>SunOpta[™]</p> <p>Organic Grain Business</p> <p>HAS BEEN ACQUIRED BY*</p> <p>PIPELINE FOODS</p>	<p> WAWONA PACKING COMPANY</p> <p>HAS BEEN ACQUIRED BY</p> <p> PAIN SCHWARTZ PARTNERS</p>	<p>bobble[®]</p> <p>HAS BEEN ACQUIRED BY</p> <p>O2COOL[®] cool by design[™]</p>	<p>LABite</p> <p>HAS BEEN ACQUIRED BY</p> <p>grubHub[®] happy eating</p>
<p>Global Organic Specialty Source, Inc.</p> <p>HAS BEEN ACQUIRED BY</p> <p>Albert's ORGANICS</p> <p>unfi DRIVEN BY NATURE</p>	<p> DELIVERED DISH</p> <p>HAS BEEN ACQUIRED BY</p> <p>grubHub</p>	<p>ALIA PRIVATE EQUITY PARTNERS and TRILOMA CAPITAL</p> <p>HAS ACQUIRED</p> <p>TIJUANA FLATS MEXICAN CUISINE</p>	<p>C&M FINE PACK, INC.</p> <p>HAS BEEN ACQUIRED BY</p> <p>Mid Oaks INVESTMENTS LLC</p>

* = Banker completed transaction while at a previous firm



ENDNOTES

1. Darling Ingredients, "Q1 2021 Earnings Call," <https://ir.darlingii.com/>, accessed August 1, 2021.
2. Food and Agriculture Organization of the United Nations, "FAO Food Price Index," <http://www.fao.org/worldfoodsituation/foodpricesindex/en/>, accessed July 30, 2021.
3. Archer-Daniels Midland, "Q2 2021 Archer-Daniels-Midland Co Earnings Call," [https://s1.q4cdn.com/365366812/files/doc_financials/2021/q2/ADM-USQ_Transcript_2021-07-27-\(1\).pdf](https://s1.q4cdn.com/365366812/files/doc_financials/2021/q2/ADM-USQ_Transcript_2021-07-27-(1).pdf), accessed July 27, 2021.
4. Food Ingredients, "Consumers seek more significant and meaningful sustainability benefits from F&B products, flags Kerry," <https://www.foodingredientsfirst.com/news/consumers-seek-more-significant-and-meaningful-sustainability-benefits-from-fb-products-flags-kerry.html>, accessed July 27, 2021.
5. Archer-Daniels Midland, "2020 Corporate Sustainability Report," <https://www.adm.com/sustainability>, accessed July 26, 2021.
6. Ingredion, "2020 Sustainability Report," <https://www.ingredion.com/na/en-us/company/meet-ingredion/sustainability.html>, accessed July 27, 2021.
7. Food and Agriculture Organization of the United Nations, "Food Wastage Footprint," <http://www.fao.org/nr/sustainability/food-loss-and-waste/en/#:~:text=The%20global%20full%20costs%20of,900%20billion%20of%20social%20costs,> accessed July 26, 2021.
8. Kerry, "Kerry reaches agreement to acquire Niacet for €853m," <https://www.kerrygroup.com/media/Kerry-reaches-agreement-to-acquire-Niacet-for-853m.pdf>, accessed July 29, 2021.
9. Brenntag, "BRENNTAG TO ACQUIRE JM SWANK AND THUS CREATES THE LEADING FOOD INGREDIENTS DISTRIBUTOR IN THE NORTH AMERICAN MARKET," <https://www.brenntag.com/corporate/en/media/news/brenntag-to-acquire-jm-swank-and-thus-creates-the-leading-food-ingredients-distributor-in-the-north-american-market.html>, accessed July 20, 2021.
10. Brenntag, "Company Presentation May 2021," https://www.brenntag.com/corporate/documents/investor-relations/2021/q1_2021/brenntagse_companypresentation_may_2021.pdf, accessed July 25, 2021.



**CAPSTONE
PARTNERS**

Common Goals. Uncommon Results.

Disclosure

This report is a periodic compilation of certain economic and corporate information, as well as completed and announced merger and acquisition activity. Information contained in this report should not be construed as a recommendation to sell or buy any security. Any reference to or omission of any reference to any company in this report should not be construed as a recommendation to buy, sell or take any other action with respect to any security of any such company. We are not soliciting any action with respect to any security or company based on this report. The report is published solely for the general information of clients and friends of Capstone Partners. It does not take into account the particular investment objectives, financial situation or needs of individual recipients. Certain transactions, including those involving early-stage companies, give rise to substantial risk and are not suitable for all investors. This report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Prediction of future events is inherently subject to both known and unknown risks and other factors that may cause actual results to vary materially. We are under no obligation to update the information contained in this report. Opinions expressed are our present opinions only and are subject to change without notice. Additional information is available upon request. The companies mentioned in this report may be clients of Capstone Partners. The decisions to include any company in this report is unrelated in all respects to any service that Capstone Partners may provide to such company. This report may not be copied or reproduced in any form or redistributed without the prior written consent of Capstone Partners. The information contained herein should not be construed as legal advice.



Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 43 countries.

